

FRENCH TAXES THREE TIMES GERMAN LEVY

Computations of Experts Explain Objections Made to Moratorium Plan.

ENGLAND IS WORSE OFF

Based on Present Budgets They Stand; England, \$60; France, \$30; Germany, \$10.

FIGURED ON GOLD BASIS

Remarkably Interesting Comparison of Status of Taxpayers of Three Nations.

Special Correspondence to THE NEW YORK HERALD.
New York Herald Bureau, Paris, Dec. 17.

A careful computation just made by the French Ministry of Finance, taking the present budget figures of France, Germany and England and working out the taxes paid by a common denominator—namely, their respective currencies adjusted to their purchasing power on the foreign market, shows: The English taxpayer is paying 300 gold francs, or \$60 per head, under the present budget.

The French taxpayer is paying 151 gold francs, or \$30.

The German taxpayer is paying 51 gold francs, or \$10.

These figures—the very latest to be worked out—are important as furnishing the underlying cause for much of the French feeling on the subject of the Germans' attempt to secure a moratorium or a revision of the London schedule of reparations payments. Until her taxpayer bears the same, it is not a greater burden than weighs today upon the French taxpayer, and this feeling will continue and will affect the politics of Europe.

These figures, just compiled by experts in the Finance Ministry and given to THE NEW YORK HERALD, it should be stated, seem to give the benefit to Germany. A distinct advantage is given the German taxpayer in computing the taxes paid on the basis of the exterior purchasing power of the different currencies for the reason that, curiously enough, the franc is much stronger abroad in its purchasing power than at home, while the mark is just the reverse.

From 1914 to 1921 the total product of taxes in France has increased from 2,300,000,000 to more than 17,700,000,000. The French taxpayer to-day supports 5.4 per cent. more of the fiscal burden than before the war. One must consider, however, that the franc in 1921 had neither the same value nor the same purchasing power as that of 1914. But, even admitting that the depreciation of the franc reaches the proportions of 1 to 3.2 on the interior market, and 1 to 2.7 on the international market, showing on the one side the increase of prices and on the other the rise in exchanges, the product of taxes in France has increased from 1 to 2.4. It is evident that the taxable capacity of a nation has limits which it is useless if not dangerous to attempt to pass. Excessive taxes have the dangerous possibility that they may slow down the economic activity of the country by discouraging production and exchanges, and thus opposing the renewal of capital. But if the present French fiscal system is maintained without being increased it is hoped that with the

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gradual resumption of business larger receipts will be secured and a budgetary equilibrium realized.

France should then reap the benefit of the effort which it has made in the direction of finance.

That this has been a remarkable effort seems plain if one compares the fiscal charge of France with that of foreign countries, particularly of those nations which, after France, have suffered most from the war—England and Germany.

The French taxes actually in force are expected to provide in 1922, according to calculation made in the first half of the year 1921, the sum of 17,768,234,327 francs. This represents an average charge of 453 paper francs per head, against \$3.45 francs in 1913. The fiscal taxes have thus increased five fold. (The cost of reparations covered by the indemnities to be received from Germany are placed in a special budget).

According to figures furnished THE NEW YORK HERALD, by this expert, the English taxes return a total of \$388,213,858, as follows:

Customs..... \$140,360
Stamp..... 160,820.83
Land tax..... 22,586.000
Income tax..... 2,640,000
Income tax..... 2,640,000
War profits..... 200,045,000
Extra land tax..... 452,000
Products of the period 1910-1920 receipts for the State only.

This total is equivalent to a charge of \$21.41 per head against \$3.32 for the period 1913-1914. Taxes have thus increased in the proportion of 1 to 6.4 since the war.

In Germany the fiscal receipts have increased to 40,000,000,000 marks in 1920-1921, against 134,000,000,000 of expenses. They are expected to produce for 1921-1922 51,602,000,000 marks against a total of outgoings which will probably be more than 175,000,000,000.

Direct taxes and business taxes 27,703,000,000
Customs and consumption taxes 10,580,000,000
Taxes on enterprises 1,580,018,500
Annual product of "Reichsbank" 7,300,000,000
Various 3,386,981,500
Receipts for the account of the empire and German states 3,386,981,500
Single tax on the capital payable in annuities.

The nominal charges per head increased from 53.35 paper marks in 1913 to \$20 paper marks in 1921. They have thus nominally multiplied in proportion from 1 to 15 1/2. It is evident, however, that the foregoing figures have no comparative value, unless they are adjusted to the depreciation in comparison with the gold value of the respective currency.

Likewise it is impossible to measure the effort of the German and French taxpayers by the index numbers of interior wholesale prices because the wholesale prices in Germany and France do not affect public expenses as they do private expenses and they have no significance as to the purchasing power in money on the international market. In short, to determine the value of paper money to-day in Europe one must con-

sider at the same time both its purchasing power at home and abroad, though more importance attaches to the first than to the second, this being because the greater number of transactions occur in the home market.

The purchasing power of the franc in France for the Frenchman has diminished in about the proportion of 1 to 3.2. This would bring back the real charge to the taxpayer to 141.55 gold francs. The mark for the German had diminished in Germany in the proportion of 1 to 16. This would give 51.25 marks, or 63 gold francs, as the annual burden of the German taxpayer. According to these calculations, the charges on the French taxpayer would have increased in reality 70 per cent., as compared with 1913, while those of the Germans would have in reality remained almost stationary.

But these figures take into account only one of two factors: the depreciation of the currency on the home market, where it is the least unstable and the most important. It would also seem the most unfavorable to the French because of the fact that the depreciation of the franc, 3.2 in France, is only 2.7 on the foreign market. The depreciation of the mark which is estimated at the proportion of 1 to 16 in Germany has reached abroad the proportion of 1 to 25-30-35 at different periods, according to foreign wholesale prices.

The comparison therefore drawn between the actual charges of the Frenchman (145.55) and those of the German (63 francs gold) only constitutes a minimum, is, if anything, too favorable to Germany. In attempting to combine the two factors, the depreciation at home and abroad, some difficulty must be encountered, for the degree in which the exchange acts upon home prices is essentially variable. A fair coefficient, adjusted according to the purchasing power of currencies on the foreign market, for France would be 3 and 20 for Germany. In these conditions the weight of individual taxes rises to 151 francs for France and to 41 gold marks or 51 gold francs for Germany.

It is upon these figures that the French financial experts base their contention that in spite of the war indemnities which Germany owes and in spite of her defeat she is paying actually about one-third of the taxation per head that France is paying.

But England, however, is doing more than France if the same method of calculation is used. The depreciation of the paper pound sterling has been in the proportion of 1 to 1.8 which brings up the real tax cost per head in England to 11.88 gold pounds, or 300 gold francs, according to the French computation. The comparison is not favorable to France on its surface, but the French point out that the economic situation of the two countries is very different. England is a country of large estates and great fortunes, conditions favorable to the return of taxation and particularly of taxes on capital and income. She has greater natural resources than France, they hold, and her general production, far from suffering in the war, went on undiminished. Industrial and commercial profits in England are relatively high.

That there are only two courses is the common opinion here—either to grant a moratorium or insist that Germany is able to pay, the latter probably entailing the fall of the German Government. The Reparation Commission, it is pointed out, may insist, under Article 234 of the Treaty of Versailles, that Germany provide proof of her inability to pay.

Premier Briand, Minister of the Lib-

FRANCE TO REFUSE CUT IN REPARATIONS

Continued from First Page.

consideration to, or even examine, the request of the German Government.

The Reparations Commission regrets to note that the Chancellor's letter makes no allusion to the measures he has adopted or proposes to adopt in compliance with the views expressed by the commission in its verbal statement of November 13, and its letter of December 2, 1921.

The commission recommends this letter to the particular attention of the Chancellor.

The note is signed by Louis Dubois, President of the Reparations Commission, and Sir John Bradbury, British members of the commission.

GERMANY CAN PAY HALF, LONDON HEARS

LONDON, Dec. 17 (Associated Press).—Monday's conference in Downing street between Lloyd George and Briand, relative to reparations, is described by the newspapers here as the most fateful since the Versailles treaty was concluded.

The meeting was arranged before Germany's official declaration of her inability to pay the forthcoming reparations installments, and there is a disposition in some sections of the press to regard the German move as a maneuver to bring pressure to bear on the Premier's meeting. This view is confined mainly to those newspapers known for their strong advocacy of a firmer alliance between Great Britain and France. The general opinion is that, the Wirth Government has honestly tried to meet its obligations and that it will be necessary to grant Germany a delay of a few months, if not an actual moratorium.

According to the Evening Standard, Germany has offered to pay the allies on account the equivalent of £10,000,000 in January, and £11,000,000 or £12,000,000 in February, or about half the actual sums due, but there is no confirmation, either from Paris or Berlin, that such an offer has been made.

Briand, however, it is learned, received the German Ambassador in Paris, who made certain explanations, and it is considered possible the offer was made then.

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Premier Briand, Minister of the Lib-

erated Regions Loucheur and the general secretary of the French Foreign Office, M. Berthelot, are expected to arrive in London to-morrow night. Pierre Cheysson, French financial expert, will come with them.

Sir John Bradbury, British representative in the Reparation Commission, is reported in certain quarters, favors annulling the debt for military pensions. This would be a course approved by the Liberal and Labor parties here, who throughout have contended that it was unjust to demand that Germany pay the allied pensions.

It is thought that the meeting Monday must result in another convocation of the Supreme Council assembly, because some decision to present to Germany must be made before the middle of January, when the installment is due. Views, said to emanate from authoritative quarters, are expressed that the British Government would be ready to forego its claim on German payments already in the hands of the Reparation Commission, the bulk of which is to come to England under the August agreement, which France has not yet ratified, and also withdraw any objections to the Wiesbaden agreement if France, on her side, is ready to take a course more in accordance with the ideas of the British Government.

The French Government is said to be in favor of a raid on the Reichsbank's gold reserve. There have been reports that Germany is even willing to place part of the reserve under allied control as security for an international loan if one can be arranged.

The report is persistent that Lloyd George intends to press for an international conference to include both Germany and Russia and, if possible, the United States, in order to get a rearrangement on broad lines of the whole European financial relations, in the belief it would be the best means of restoring trade and relieving unemployment. He also is represented as ready to grant France considerable concessions in the shape of priority in reparations if thereby he can induce her to meet his views.

In an editorial on this question the Sunday Observer strongly urges such a conference. It takes the line that Chancellor Wirth is honest and that Germany is sincerely unable to meet her obligations. It advocates substantial concessions to France of the money rightfully due England, provided France agrees to a provisional moratorium, but claims that France must, on her side, "consent to a settlement of the differences with England in the political sphere, especially with regard to her naval demands at Washington, which threaten to knock the bottom out of the Washington conference, and the Angora treaty."

The Observer claims that Lenin's economic conversion is complete and that it is imperative that both Russia and Germany enter the conference and that the insane financial policy of the Versailles treaty be "mended or ended."

The London Times joins those of the

opinion that concessions to France are necessary, so far as reparations are concerned, and says that it even would be a good stroke for Great Britain to strike off bad debts if the result would be an improvement in the exchange mechanism. The paper recognizes the uselessness of expecting American assistance at the present, but thinks this should not prevent efforts by Europe to stabilize its own finances.

The agreement which Lloyd George and Briand may reach, declares the Times, must embrace all Europe and the financial concessions must be accompanied by a political agreement "in view of the alarm caused by recent French actions."

"It is impossible to assist the financial stability of France," it adds, "if the new position is used to support a policy of adventure against peace and disarmament for which Great Britain is endeavoring in Europe and the Pacific."

VLADIVOSTOK AT WAR WITH CHITA REPUBLIC

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RIVAL (via LONDON), Dec. 17.—War has broken out between the "White" Vladivostok Republic and the "Red" Chita Republic. Leon Trotsky believes that the Japanese are responsible, but is of the opinion that their object is simply to weaken both sides and have an excuse for concentrating troops at Vladivostok and exact favorable terms from the Chita Republic, with which they are negotiating at Dairen.

In an address to the "Red" army Trotsky said: "The remnants of Kolchak's army are now in the Japanese hands. They have attacked us in the Far East because the Japanese are unwilling to surrender the Siberian coast, of which they have absolute control. This onslaught is connected with similar attacks on our territory by Poland, Rumania and Finland. Be ready for war."

FRANCE MAY NOT BUILD ALL SHIPS SHE ASKS

Would Discuss Limiting Sub-

PARIS, Dec. 17 (Associated Press).—France has no definite shipbuilding program, it was said in official circles here to-day in connection with the attitude of the French delegation at the Washington conference on the naval ratio question. The fact that she asks to be allowed to build up to 350,000 tons in capital ships does not mean that she now plans a program of that sort, it was declared.

The report that the British delegation at Washington is asking for suppression of submarines has caused some surprise and skepticism in official quarters. France, it was asserted, was ready to discuss limitation of submarines, but was not prepared to accept their total abolition.

FRANCE ASKS NO BIG NAVY, SAYS SARRAUT

Continued from First Page.

five weeks to come to a decision, and I see no reason why we should be grudging five days.

"The tendency seems to be to make a tragedy of the present situation, but there is really no necessity for it. I am astonished at the commotion caused by reports published in the press, but I refuse to allow myself to be disturbed. I assure you I went to the conference with a smile this morning. I came away with a smile and I shall go to the next meeting smiling. I remain in an excellent humor and I have the most loyal and joyous conviction that a great and useful work will be achieved by the present conference."

"What happened during the discussion on China? The delegates were by no means always in agreement and yet nobody assumed the attitude that all was lost. I would ask nothing better than to discuss publicly and in detail the French position. It seems to us so clear and lucid that everyone must understand it. But I have promised to say nothing until an agreement is reached. It always was understood that America, Britain and Japan were to regulate their positions first and that the French and Italian tonnage would only be discussed subsequently. This discussion has now only just begun."

"Of course, figures of some kind are being discussed but figures are essentially susceptible to modification. The naval debate is like a budget discussion in which the figures may be changed in numerous ways. We put forward certain contentions about France's maritime needs and then others say they can demonstrate why she doesn't require so

much. In such things nobody can be absolutely right. Truth in fact is to be found in the average and not in extreme views. Our discussions tend to clear up the situation so as to make way for an agreement."

"Nevertheless, there appears to be a misunderstanding on the general French attitude. We have and can have no desire or intention of embarking on a big naval programme. The idea that to-morrow we are going to set all our arsenals building ships can be abandoned. France, in point of fact, already scrapped her expensive navy before the Washington conference was thought of."

CZECHS AND AUSTRIANS SIGN AN AGREEMENT

Pave Way for Future Economic Cooperation.

Special Cable to THE NEW YORK HERALD. Copyright, 1921, by THE NEW YORK HERALD.

PARIS, Dec. 17.—The signing of an agreement to-day between Czechoslovakia and Austria unquestionably is an event of great importance to the economic and political future of central Europe. The agreement was reached at Lana, where Premier Benes of Czechoslovakia and Chancellor Schober of Austria have been holding conversations for some days. The result of overtures made by Czechoslovakia.

What the agreement is essentially political, it undoubtedly paves the way for economic cooperation between Austria and what was the richest part of the old Dual Empire.

The press of both countries describe the event as marking a turning point in the relations of these two countries and paving the way for Austria's admission to the Little Entente (Rumania, Czechoslovakia and Jugoslavia).

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